wholly divided, then the amount which would have been paid to each person, if the profit had been wholly divided.

The bills differ in two important particulars. In the first place the bill introduced by Senator Bailey provides for a flat rate of 3 per cent, while Senator Cummins' bill provides for a gradual, but progressive rate as the income in question increases. The second essential difference is that Senator Cummins' bill provides for a tax on individual incomes only, reaching the corporation through the individual; Senator Bailey's measure, on the other hand, provides for the taxation of the incomes of both individuals and corporations, if the income received is above the exemption point. ROBERT ARGYLL CAMPBELL.

Insurance—New York—Amendments to the Armstrong Legislation. The thorough revision of the life insurance code of New York, enacted in 1906, under the spur of the Armstrong insurance investigating committee, has thus far escaped radical changes, although the legislature has each year made alterations of a minor character, and last year was only prevented from introducing an essentially reactionary modification by the veto of Governor Hughes. The amendments of 1907 and 1908 merely corrected imperfections in the new law which experience had quickly revealed. The 1909 amendments (S. B. 1460; Laws 1909, ch. 30) made substantial concessions to the convenience of companies and agents without involving any sacrifice of the principles involved in the reform measures. The principal features of the amendments of this year are: (1) the introduction of an alternative method of valuing securities, (2) a moderate extension of renewal commissions, and (3) the substitution of standard policy provisions for standard forms.

1. The most urgently needed modification was that permitting bonds to be valued on the amortization plan. The valuation of securities by the New York insurance department has hitherto followed market quotations, in common with the practice in other states. This method was unobjectionable as long as companies carried sufficiently large surpluses to meet any emergency. Notwithstanding severe criticisms, however, the 1906 amendments provided for an arbitrary limitation of surplus. Predictions of disaster came near being fulfilled in 1907 when assets had to be valued at the abnormally low market quotations of December 31. To save some companies from a technical impairment it was necessary to adopt the "rule of thirteen" whereby the market values of December were averaged with those of the preceding twelve months. Had the bond market depression been a little more severe,

even this emergency measure would not have saved some of the companies. Inasmuch as good bonds fall in market value because of their very goodness, and hence salability in time of a panic, there is no danger in ignoring temporary market values, since life insurance companies rarely have need to sell their securities to meet their obligations. The law now provides that bonds and other evidences of debt, amply secured, and not in default are to be valued at par if purchased at par; if purchased above or below par, on the basis of purchase price adjusted so as to bring the value to par at maturity, and so as to yield meanwhile the effective rate of interest at which the purchase was made. The values found by the superintendent in accordance with this method are to be final and binding. Companies may, however, at their option, value their bonds at the market or at their book values provided the aggregate is not in *excess* of the amortized values. This method of gradual extinction of premium or discount has already been authorized for New York savings banks and is equally applicable to life insurance companies. Fire insurance companies will, however, probably continue to employ market values when less than adjusted values, and life insurance companies may do the same except in times of emergency. There is room for doubt as to the wisdom of interfering with the discretion and responsibility of managers in the matter of surplus, but with the present amendment this interference has for the first time ceased to be menacing.

2. The most distinguishing feature of the Armstrong legislation is the limitation upon expenses. No feature has been so vigorously and so persistently attacked. In 1908 the life underwriters and certain large companies agreed upon a compromise bill amending this section which passed the legislature practically unanimously but was vetoed by Governor Hughes, on the ground that it would seriously impair the effectiveness of the limitation. The amendment of the present year relaxes nothing of the essential part of the limitation, viz: that upon the expenses of new business, the chief part of which consists of the initial commissions to agents on policies written by them; but a concession is made in the matter of commissions upon renewal premiums which by the Armstrong limitation were confined to nine years. Even conservative companies have entertained misgivings as to their ability to prevent the disintegration of their agency forces under so strict a limitation. Their anxieties are removed, and agents pacified, by the extension of permissible renewal commissions to fourteen years, and by an allowance of 3 per cent collection fees thereafter, instead of 2 per cent as hitherto provided. To illustrate the difference, on an ordinary life policy, the

1906 rule in effect permitted an agent's commission of about 50 per cent of the first premium, renewal commissions of 7½ per cent of each of the next nine premiums, and collection fees of 2 per cent of every premium paid thereafter. In most companies the commissions are divided between the general agent who frequently takes the renewals and collection fees, and the sub-agent or solicitor who ordinarily receives the entire initial commission. The new rule allows the same initial commissions but permits nine renewal commissions of 7½ per cent and five other renewals of 5 per cent, and collection fees of 3 per cent. Governor Hughes in his memorandum accompanying the bill thus comments upon this concession: "If any change is to be made in the statute, that now proposed may be allowed with the smallest risk of injury, while at the same time any possible ground of just complaint of the limitations of the statute is removed. After this certainly no one can be heard to assert hardship who looks at the matter from the standpoint of the policy holder." Renewal commissions may now be conditioned upon the efficiency of service of the agent receiving the same, or upon the amount and quality of the business renewed under his supervision. The advisability of this concession is dubious, but it has been urgently demanded, by one company in particular.

3. The Armstrong code prescribed standard forms of policies of life insurance, authorizing the insurance department to sanction and standardize other forms. But notwithstanding his caution, the superintendent has found it necessary to approve so many forms and yet without satisfying domestic companies, that New York has finally decided to adopt the plan of her sister states and substitute standard provisions to be contained in all policies, for the standard forms. As a precaution, however, it is provided that all policies issued or delivered within the state shall be subject to the approval of the superintendent of insurance. This solution puts all companies, domestic and foreign, upon a basis of equality, whereas it has hitherto been a source of complaint that foreign companies could employ within New York policy forms which were not allowed to the home companies. All participating policies issued or delivered in the state after 1909 must provide for a period of grace on premium payments of not less than thirty days, at not more than 6 per cent interest; for incontestability after two years except for non-payment of premiums or army or navy service without the consent of the company; that the policy and appended application shall constitute the entire contract; for annual dividends; for surrender and loan privileges with specified values; and for reinstatement.

By the same bill insurance companies are relieved of the general expenses of maintaining the department of insurance, but examinations which by the Armstrong law must be as frequent as once in three years, are still charged to the companies. Restrictions are also imposed upon the reinsurance of risks, and more careful provision is made with reference to the licensing of agents.

Other life insurance laws enacted at this session relate to surrender values of policies (S. B. 1561; Laws 1909, ch. 595), and to the liquidation of delinquent insurance corporations (S. B. 1454; Laws 1909, ch. 300). The main object of the latter bill is to avoid the wasteful expenditures which attend the ordinary receivership. WILLIAM H. PRICE.

Labor Legislation—Oklahoma. During the first session of the Oklahoma legislature a fairly comprehensive labor law was passed. Oklahoma had just been admitted to the union, there was much work to be done, much new legislation to be enacted, and the legislature chose to make much of it at least progressive, and some of it even radical. The 1909 legislature attempted to complete, so far as possible, the work already begun, to perfect it, and correct such defects as seemed to exist and in addition to take a few more steps in advance and attempt the new and untried. As a state she has never been cautious or conservative. The amendments added and the new legislation passed with regard to labor proved conclusively that she has not as yet become so.

The labor legislation of 1908 centered around the commissioner of labor, a state board of arbitration and conciliation, and a free employment bureau, and dealt with the subjects of factory inspection, child labor, black listing, combinations, agreements and conspiracy. The new law deals primarily with child labor, the free employment bureaus, the time and frequency of paying employees in certain industries, and the miners' labor lien.

The old child labor law was a mere beginning, hardly sufficient to prevent the worst evils connected with the employment of children. The new law on the other hand is far in advance of the old and ranks well with any of the laws yet enacted either in the north or south. No child under the age of fourteen is to be employed or permitted to work in any factory, workshop, theater, bowling alley, pool hall, steam laundry, or any other occupation injurious to health or morals, or especially hazardous to life or limb. It is made the duty of the commissioner of labor, upon investigation by himself or the agents of his department or upon the complaint of the commissioner of charities or the board of